

**SENATE BILL**

**No. 1676**

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**Introduced by Senator Ducheny**

February 24, 2006

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An act to amend Sections 66427.1 and 66459 of the Government Code, relating to subdivisions.

LEGISLATIVE COUNSEL'S DIGEST

SB 1676, as amended, Ducheny. Subdivisions: final maps.

(1) The Subdivision Map Act prohibits the legislative body of a city, county, or city and county from approving a final map for a subdivision to be recreated from the conversion of residential real property into a condominium project, a community apartment project, or a stock cooperative project unless it finds, among other things, that each of the tenants of the proposed condominium, community apartment project, or stock cooperative project has been, or will be, given 180 days' written notice of the intention to convert before termination of tenancy due to the conversion or proposed conversion.

This bill would instead require that each tenant be given ~~180 days'~~<sup>2</sup> notice of the ~~intention to sell the rental unit to the general public~~ *the approval of the tentative subdivision map.* ~~and would prohibit~~ *The notice would be required to provide that the owner is prohibited* from changing the terms of the tenancy or giving notice to terminate the tenancy ~~during those for a period of 180 days from the date of the notice.~~

(2) Under the existing Subdivision Map Act, if the subdivider or subsequent owner of a condominium project, community apartment project, or stock cooperative project for which a final map is approved rents a dwelling in that project, the subdivider or subsequent owner of

the project is required to give notice, as specified, to prospective rental tenants before execution of the rental agreement stating that the rental unit may be sold to the public and the lease terminated. The act requires the tenant to be given at least 90~~days~~ *days*' written notice of the intention to sell the rental unit to the general public before offering the separate interest for sale to the general public. A violation of any provision of the act is a crime.

This bill would require the written notice of the intention to sell the rental unit to the general public to be given to the tenant at least 180 days before the unit is offered for sale. The bill would also prohibit the owner from changing the terms of the tenancy or giving notice to terminate the tenancy during those 180 days. Because a violation of this provision would be a crime, the bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 66427.1 of the Government Code is  
2     amended to read:  
3     66427.1. The legislative body shall not approve a final map  
4     for a subdivision to be created from the conversion of residential  
5     real property into a condominium project, a community  
6     apartment project, or a stock cooperative project unless it finds  
7     all of the following:  
8     (a) Each of the tenants of the proposed condominium,  
9     community apartment project or stock cooperative project has  
10    received, pursuant to Section 66452.9, written notification of  
11    intention to convert at least 60 days prior to the filing of a  
12    tentative map pursuant to Section 66452. There shall be a further  
13    finding that each tenant, and each person applying for the rental  
14    of a unit in that residential real property, has, or will have,  
15    received all applicable notices and rights now or hereafter

required by this chapter or Chapter 3 (commencing with Section 66451). In addition, a finding shall be made that each tenant has received 10 days' written notification that an application for a public report will be, or has been, submitted to the Department of Real Estate, and that the report will be available on request. The written notices to tenants required by this subdivision shall be deemed satisfied if these notices comply with the legal requirements for service by mail.

~~(b) Each of the tenants of the proposed condominium, community apartment project, or stock cooperative project has been, or will be, given written notification within 10 days of approval of a final map for the proposed conversion.~~

~~(e)~~  
(b) Each of the tenants of the proposed condominium, community apartment project, or stock cooperative project has been, or will be, given 180 days' written notice of intention to sell the rental unit to the general public. During the 180-day period, the owner may not change the terms *been or will be given, after the tentative map is approved, notice of that approval. The notice shall provide that, for a period of 180 days from the date of the notice, the owner may not change the terms* of the tenancy, nor give notice to terminate the tenancy pursuant to Section 1946 of the Civil Code. This subdivision shall not otherwise alter or abridge the rights or obligations of the parties in performance of their covenants, including, but not limited to, the provision of services, payment of rent, or the obligations imposed by Sections 1941, 1941.1, and 1941.2 of the Civil Code.

*(c) Each of the tenants of the proposed condominium, community apartment project, or stock cooperative project has been or will be given written notification within 10 days of the approval of a final map for the proposed conversion.*

(d) Each of the tenants of the proposed condominium, community apartment project, or stock cooperative project has been, or will be, given notice of an exclusive right to contract for the purchase of his or her respective unit upon the same terms and conditions that the unit will be initially offered to the general public or terms more favorable to the tenant. The right shall run for a period of not less than 90 days from the date of issuance of the subdivision public report pursuant to Section 11018.2 of the

1 Business and Professions Code, unless the tenant gives prior  
2 written notice of his or her intention not to exercise the right.

3 (e) This section shall not diminish, limit, or expand, other than  
4 as provided herein, the authority of any city, county, or city and  
5 county to approve or disapprove condominium projects.

6 SEC. 2. Section 66459 of the Government Code is amended  
7 to read:

8 66459. (a) If a final map has been approved for a  
9 condominium project, community apartment project, or stock  
10 cooperative project, and the subdivider or subsequent owner of  
11 the project rents a dwelling in that project, he or she shall, prior  
12 to offering the separate interest for sale to the general public,  
13 deliver the following notice, printed in at least 14-point bold  
14 print, prior to the execution of the rental agreement:

15  
16 TO THE PROSPECTIVE TENANTS OF

17  
18 \_\_\_\_\_  
19 (address)

20  
21 THE UNIT YOU MAY RENT HAS BEEN APPROVED FOR  
22 SALE TO THE PUBLIC AS A CONDOMINIUM PROJECT,  
23 COMMUNITY APARTMENT PROJECT, OR STOCK  
24 COOPERATIVE PROJECT (WHICHEVER APPLIES). THE  
25 RENTAL UNIT MAY BE SOLD TO THE PUBLIC, AND, IF  
26 IT IS OFFERED FOR SALE, YOUR LEASE MAY BE  
27 TERMINATED. YOU WILL BE NOTIFIED AT LEAST 180  
28 DAYS PRIOR TO ANY OFFERING TO SELL. IF YOU STILL  
29 LAWFULLY RESIDE IN THE UNIT, YOU WILL BE GIVEN  
30 A RIGHT OF FIRST REFUSAL TO PURCHASE THE UNIT.

31  
32 \_\_\_\_\_  
33 (signature of owner or owner's agent)

34 \_\_\_\_\_  
35 (dated)

36  
37 (b) The condominium project, community apartment project,  
38 or stock cooperative project shall not be referred to in a lease or  
39 rental agreement as an "apartment" or "apartments" on or after  
40 the date of the approval by the local agency of the final map for

1 the condominium project, community apartment project, or stock  
2 cooperative project.

3 (c) Any tenant of a condominium project, community  
4 apartment project, or stock cooperative project subject to this  
5 section shall be given at least 180 days' written notice of the  
6 intention to sell the rental unit to the general public. During the  
7 180-day period, the owner may not change the terms of the  
8 tenancy, nor give notice to terminate the tenancy pursuant to  
9 Section 1946 of the Civil Code. This subdivision shall not  
10 otherwise alter or abridge the rights or obligations of the parties  
11 in performance of their covenants, including, but not limited to,  
12 the provision of services, payment of rent, or other obligations  
13 imposed by Sections 1941, 1941.1, and 1941.2 of the Civil Code.

14 (d) Any tenant who lawfully resides in a condominium project,  
15 community apartment project, or stock cooperative project  
16 subject to this section shall be given a right of first refusal by the  
17 subdivider or subsequent owner of the project for the purchase of  
18 his or her rental unit upon the same terms and conditions that the  
19 unit will be initially offered to the general public or terms and  
20 conditions more favorable to the tenant. This right to purchase  
21 shall run for a period of 90 days from the date of the notice,  
22 unless the tenant gives written notice within the 90-day period of  
23 his or her intention not to exercise that right.

24 (e) Failure to comply with this section shall not invalidate the  
25 transfer of title to real property.

26 (f) This section shall not apply to any of the following:

27 (1) An owner of four dwelling units or less.

28 (2) Transfers pursuant to court order, including, but not  
29 limited to, transfers ordered by a probate court in the  
30 administration of an estate, transfers by any foreclosure sale after  
31 default, transfers by any foreclosure sale after default in an  
32 obligation secured by a mortgage, or transfers by a sale under a  
33 power of sale after a default in an obligation secured by a deed of  
34 trust or secured by any other instrument containing a power of  
35 sale, and any subsequent transfer by a mortgagor or beneficiary  
36 of a deed of trust who accepts a deed in lieu of foreclosure or  
37 purchases the property at a foreclosure sale.

38 (3) Transfers by a fiduciary in the course of the administration  
39 of a decedent's estate, guardianship, conservatorship, or trust.  
40 For purposes of this paragraph, a "fiduciary" means a state- or

1 federally-chartered bank, trust company, savings association,  
2 savings bank, credit union, or industrial loan company.

3 SEC. 3. No reimbursement is required by this act pursuant to  
4 Section 6 of Article XIII B of the California Constitution because  
5 the only costs that may be incurred by a local agency or school  
6 district will be incurred because this act creates a new crime or  
7 infraction, eliminates a crime or infraction, or changes the  
8 penalty for a crime or infraction, within the meaning of Section  
9 17556 of the Government Code, or changes the definition of a  
10 crime within the meaning of Section 6 of Article XIII B of the  
11 California Constitution.